

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT OF)
TATEVILLE WATER ASSOCIATION, INC.) CASE NO. 89-048

O R D E R

On March 2, 1989, Tateville Water Association, Inc. ("Tateville") filed its revised tariff with the Public Service Commission ("Commission") for the purpose of adjusting its rates pursuant to KRS 278.012 and 807 KAR 5:068, Purchased Water Adjustment.

The Commission, having reviewed the evidence of record and being advised, is of the opinion and finds that:

1. Tateville purchases its water from Burnside Municipal Waterworks ("Burnside").

2. Burnside bills its customers on a declining block rate schedule. Effective November 25, 1988, Burnside increased its rates by approximately \$.16 per 1,000 gallons of water.

3. Tateville increased the rates to its customers effective February 15, 1989.

4. During the 12 months ending December 31, 1988, Tateville purchased 22,270,500 gallons of water and sold 19,337,079 gallons.

5. Tateville's calculations are incorrect in that flat rates, assumed to be the average rates charged by Burnside, were used to determine water costs rather than Burnside's actual rate schedules. Further, Tateville did not apply the purchased water

adjustment on a per unit basis to minimum bills for meters larger than 5/8 inch x 3/4 inch.

6. The correct increase in purchased water costs is \$3,602, resulting in a purchased water adjustment of \$.19 per 1,000 gallons of water as shown in Appendix B.

7. The purchased water adjustment of \$.19 per 1,000 gallons and the rates in Appendix A are fair, just, and reasonable and should be approved.

IT IS THEREFORE ORDERED that:

1. The purchased water adjustment and rates proposed by Tateville are denied.

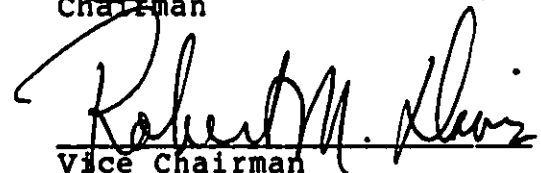
2. The purchased water adjustment in Appendix B and the rates in Appendix A, attached and incorporated hereto, are approved for services rendered on and after February 15, 1989.

3. Within 30 days of the date of this Order, Tateville shall file its revised tariff setting out the rates approved herein.

Done at Frankfort, Kentucky, this 17th day of March, 1989.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

ATTEST:

Executive Director


Commissioner

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 89-048 DATED 3/17/89

The following rates and charges are prescribed for the customers in the area served by Tateville Water Association, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

Gallonge Block

Monthly Rates

5/8 Inch Meter

| | |
|---------------------|------------------------|
| First 1,000 gallons | \$7.79 Minimum |
| Next 4,000 gallons | 3.89 per 1,000 gallons |
| Over 5,000 gallons | 2.94 per 1,000 gallons |

3/4 Inch Meter

| | |
|---------------------|------------------------|
| First 5,000 gallons | \$23.35 Minimum |
| Over 5,000 gallons | 2.94 per 1,000 gallons |

1 Inch Meter

| | |
|----------------------|------------------------|
| First 10,000 gallons | \$38.05 Minimum |
| Over 10,000 gallons | 2.94 per 1,000 gallons |

1 1/2 Inch Meter

| | |
|----------------------|------------------------|
| First 15,000 gallons | \$52.75 Minimum |
| Over 15,000 gallons | 2.94 per 1,000 gallons |

2 Inch Meter

| | |
|----------------------|------------------------|
| First 20,000 gallons | \$67.45 Minimum |
| Over 20,000 gallons | 2.94 per 1,000 gallons |

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 89-048 DATED 3/17/89

PURCHASED WATER ADJUSTMENT CALCULATION

Gallons Purchased: 22,270,500
Gallons Sold: 19,337,079

Cost at Changed Rates

| | | | | | | |
|--------------------|--------------|-------------------|--------------------|----------------------|------------------|--------------------|
| First | 1,000 gals. | x 12 = | 12,000 | x \$5.06/1,000 gals. | = \$ | 60.72 |
| Next | 1,000 gals. | x 12 = | 12,000 | x 3.80/1,000 gals. | = | 45.60 |
| Next | 3,000 gals. | x 12 = | 36,000 | x 2.46/1,000 gals. | = | 88.56 |
| Next | 10,000 gals. | x 12 = | 120,000 | x 2.34/1,000 gals. | = | 280.80 |
| Next | 15,000 gals. | x 12 = | 180,000 | x 2.28/1,000 gals. | = | 410.40 |
| Next | 20,000 gals. | x 12 = | 240,000 | x 2.21/1,000 gals. | = | 530.40 |
| Next | 50,000 gals. | x 12 = | 600,000 | x 1.90/1,000 gals. | = | 1,140.00 |
| Over 100,000 gals. | x 12 = | <u>21,070,500</u> | x 1.74/1,000 gals. | = | <u>36,662.67</u> | |
| | | | <u>22,270,500</u> | | | <u>\$39,219.15</u> |

LESS

Cost at Base Rates

| | | | | | | |
|--------------------|--------------|-------------------|--------------------|----------------------|------------------|--------------------|
| First | 1,000 gals. | x 12 = | 12,000 | x \$4.60/1,000 gals. | = \$ | 55.20 |
| Next | 1,000 gals. | x 12 = | 12,000 | x 3.45/1,000 gals. | = | 41.40 |
| Next | 3,000 gals. | x 12 = | 36,000 | x 2.24/1,000 gals. | = | 80.64 |
| Next | 10,000 gals. | x 12 = | 120,000 | x 2.13/1,000 gals. | = | 255.60 |
| Next | 15,000 gals. | x 12 = | 180,000 | x 2.07/1,000 gals. | = | 372.60 |
| Next | 20,000 gals. | x 12 = | 240,000 | x 2.01/1,000 gals. | = | 482.40 |
| Next | 50,000 gals. | x 12 = | 600,000 | x 1.73/1,000 gals. | = | 1,038.00 |
| Over 100,000 gals. | x 12 = | <u>21,070,500</u> | x 1.58/1,000 gals. | = | <u>33,291.39</u> | |
| | | | <u>22,270,500</u> | | | <u>\$35,617.23</u> |

INCREASE IN COST **\$3,601.92**

$\$3,601.92 \div 19,337.079 \text{ m. gals.} = \$.18627 \text{ or } \$.19 \text{ per 1,000 gals.}$